For example, first, we learned that his staff had made a $200 billion mathematical calculating error in calculating interest savings. Then, second, we learned that $1.3 trillion of the savings is artificially derived from a misleading assumption that the wars in Iraq and Afghanistan would continue indefinitely. Third, and most importantly, of his savings, $4.2 trillion of the savings come from the spending cuts that fly out the back door in the form of tax cuts for millionaires.

At the end of the day, those $5.8 trillion in spending cuts in their budget translates into less than $200 billion in real deficit reduction over those years, or less than 1 percent of the total debt held by the public.

So the Congressman Ryan/tea party budget does little to address the deficit while making every single senior citizen in this country get their health care from an insurance company.

So that is why Senator BAUCUS, our chairman of the Finance Committee, and I have introduced a resolution. This Senate resolution calls on the Senate to oppose this radical voucher program. Medicare has been providing affordable health care for seniors and disabled Floridians and Americans for decades and decades. It is a very popular program with our seniors. Medicare should not be dismantled. It should not be turned over in a voucher program to insurance companies that will eliminate choices. It should not be turned over to insurance companies that will increase costs, and, certainly, seniors' health care should not be turned over to insurance companies.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Iowa.

BUDGET PRIORITIES

Mr. GRASSLEY. Madam President, we are all kind of on pins and needles about what the President is going to say today in his speech on the budget at George Washington University. I hope he comes forward with a strong program to get the budget deficit down because Presidential leadership will help us get the job done. Congress can do it on its own, but it will be a lot easier if we know we are working with the President instead of against the President.

I hope the President's remarks reflect the fact that elections have consequences and the consequence of the last election was a very strong message to Washington that we ought to get spending down and government ought to be smaller. In anticipation of what he says, I wish to make some remarks, and my anticipation is based upon things that have already been said from the White House by staff about the direction the President's speech is taking.

If we learned anything during the last 2 years, it is that America can't tax and spend its way back to prosperity. The voters understood that and sent a powerful message to Washington last November: Stop piling debt on the next generation. Stop the overspending that mortgages our children's future and jeopardizes job creation.

Thanks to the gravitational pull of the Republican majority in the House of Representatives responding to the results of the last election, the compass is starting to point in the right direction. Despite the two-against-one lineup of the debate, meaning the President and the Democratic Senate on one side and the House under the control of the Republicans on the other side—that two-to-one lineup—we have a continuing resolution at the start of what must be a long-haul, committed effort.

The continuing resolution we will pass this week is just the beginning because the hard work has only just begun. That is reflected in the leadership demonstrated by the House of Representatives' Budget Committee chairman PAUL RYAN. He did what the President failed to do in his budget proposal—get serious. Today, I hope we have evidence that the President is getting serious. But up until now, the President ducked, even ignoring his own deficit reduction commission report fresh off the printer. He hasn't said yes or no whether he supports the recommendations of the Bowles-Simpson commission.

In sharp contrast, House Chairman RYAN stepped up and put ideas on the table for fiscal responsibility. Today, in response to this effort, to show the voters we got it in the last election and that it is time to reduce spending in Washington, the President is giving his speech on reducing the debt. After reluctantly coming to the table for very modest reductions in spending that are going to be in this continuing resolution we will hopefully pass this week, the President has quickly moved past any focus on getting spending under control and seems to be going back to that same old saw that we have to have tax increases to reduce the deficit. But history proves tax increases do not bring an additional dollar to the bottom line. Tax increases are a license to spend even more than the $1 that might come in from a tax increase, and we also know increasing taxes is not going to reduce the deficit. Only growing the economy is going to reduce the deficit. Tax increases can have a detrimental impact on growing the economy because government consumes well; it doesn't create well. Only workers and investors and people who invent and people who create, create wealth.

There has always been a tug of war in Washington between tax-cutters and big spenders. There are those of us who believe taxpayers have a right to keep more of their own money and decide how best to save and spend and invest those dollars. Others in Congress and in Washington believe Washington knows best and work relentlessly to divert more private resources into the public coffers. Recycling even more tax dollars through Washington, especially during an economic downturn which we are in now, and eight-tenths percent unemployment proves it. Doing more of that doesn't make sense if we want recovery.

Consider the work of two U.S. Presidents from opposite sides of the political spectrum. Study the history of John Kennedy on one end and Ronald Reagan on the other. They understood that raising taxes bore negative consequences for job creation and economic growth. My colleagues may remember that during World War II and afterwards, we had 93 percent marginal tax rates. Who decreased that? Not some Republican President but a Democrat President. He reduced it because it was not raising revenue and it was hindering the economy. We had a situation when corporate and personal income tax rates climbed during the Great Depression, we have proof unemployment kept climbing as well. In fact, if there are two things we want to remember from Hoover that we should never make these mistakes again, they are that he raised taxes tremendously high and he signed the Smoot-Hawley tariff bill, leading us into the Great Depression. As America struggles to shake off the biggest economic downturn in decades, we can't afford to repeat the same mistakes. We should learn from history.

In an economy where consumer spending accounts for nearly 70 percent of the Nation's gross domestic product and small businesses account for 70 percent of the new jobs, it would be foolish to divert even more of America's taxpayer money into the Federal Treasury. With a smaller tax liability, small business owners can expand their operations, upgrade their equipment, and hire more workers in their hometown communities. But tax policies designed to increase revenues for more government spending will not help these hometown business leaders create new jobs that can attract and retain talent and vitality in those small towns. What is more, raising Federal tax rates would stunt the positive ripple effect that occurs in the local economy and in the local tax base when small businesses are able to grow and expand their sales output and profits.

Raising taxes sets the stage for paralyzing setbacks for small business. So we should not forget that many small business owners are subject to the highest marginal tax rates and Federal estate taxes. I have worked for a long time for tax policies that give small business owners the freedom and opportunity to hire, expand, and grow their businesses without having profit-burning taxes and overly burdensome regulations get in the way of getting ahead and living the American dream and creating those jobs. Marginal tax rate increases are especially harmful to small businesses because small businesses are typically organized as flow-through entities. Since small businesses create 70 percent of the new jobs and unemployment, at 8.8 percent, remains historically high, it doesn't make sense to raise taxes on small businesses.

Supporters of the tax increases for those earning $250,000 a year would like to camouflage the tax hit on small businesses, but their attempts to mislead cannot withstand an honest examination. The marginal tax rate hikes would directly target flow-through businesses that employ 20 million American workers. It is a waste of resources for Washington to recycle tax dollars through the public sector when small businesses can do more good and get more bang for their own buck and taxpayers, in general, deserve more bang for their buck.

I have a chart that shows my colleagues an analysis by the Congressional Budget Office, the official nonpartisan scorekeeper for Congress. In its January 2011 ''Budget and Economic Outlook'' report, CBO reports that taxes have averaged 18 percent of the gross national product from 1971 to the year 2010. So this is the historical average. What is very significant about an average going back to 1971—is it seems to me a level of taxation the people of this country have not revolted against. It is a level of taxation that has not been harmful to the U.S. economy, as we have seen great growth during this period of time.

So here is where we are. Beyond the very negative impact of tax increases, there is no evidence that tax increases lead to deficit reduction. In fact, if history is any guide, Washington will simply spend the money.

I often quote a Professor Vedder of Ohio University who has studied tax increases and spending for more than two decades. This is the very same study I was referring to as I started my remarks today. ''Over the entire post World War II era through 2009, each dollar of new tax revenue was associated with $1.17 in new spending.''

So it is akin to a dog chasing its tail. It is never going to catch it. If we raise $1 and it doesn't go to the bottom line, and Professor Vedder says it doesn't go to the bottom line, it is a license to spend $1.17. How do we ever get ahead? Then we have people who want to increase taxes because another dollar coming in is going to lead to $1.17 of spending. It would be one thing for me to vote for a tax increase if it went to the bottom line. It is another thing to vote for a tax increase that just allows more spending and raises the deficit instead of getting the deficit down. People in my State of Iowa don't tell me they are undertaxed. They know all too well the problem is that Washington overspends.

Before this chart is taken down, just so my colleagues can understand, there is no reason to raise taxes above this historical average to bring in more revenue because we can see the projection by CBO. The existing tax rates are going to bring in more revenue without increasing tax rates just because of the economy growing.

With the existing tax rates, revenues coming in will return to the level we had after the 2001 tax bill—that bill reduced taxes by providing the biggest tax decrease in the history of this country. We brought in additional revenue with reduced rates—more revenue than would come in by raising marginal tax rates. That ought to be calculated. You should not do anything that is going to destroy this situation.

Some are proposing eliminating the cap on wages for social security taxes. This would result in a huge tax increase of 6.2 percent on income over $106,800. Both employees and employers pay these taxes. Those in favor of this will argue that it is needed to protect benefits for social security beneficiaries. We have been down that road before. We raised the tax rate in the 1980s. This was supposedly also to protect benefits, but look where we are now. There is no guarantee that raising taxes in that way will guarantee benefits.

Referring to this chart again, to be specific on this growth out here, CBO projects that taxes will average 19.9 percent of gross national product from 2010 to 2021, rising to 20.8 percent of GDP by 2021. If we increase taxes, I think it will put that economic growth in jeopardy.

I ask unanimous consent to have printed in the RECORD an article from Investors Business Daily.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Investors.com, Apr. 11, 2011]

TAX THE RICH? GOOD LUCK WITH THAT

(By Walter Williams)

I've often said that I wish there were some humane way to get rid of the rich. If you asked why, I'd answer that getting rid of the rich would save us from distraction by leftist hustlers promoting the politics of envy.

Not having the rich to fret over might enable us to better focus our energies on what's in the best interest of the 99.99% of the rest of us. Let's look at some facts about the rich laid out by Bill Whittle citing statistics on his RealClearPolitics video ''Eat the Rich.''

This year, Congress will spend $3.7 trillion dollars. That turns out to be about $10 billion per day. Can we prey upon the rich to cough up the money?

According to IRS statistics, roughly 2% of U.S. households have an income of $250,000 and above. By the way, $250,000 per year hardly qualifies one as being rich. It's not even yacht and Learjet money.

All told, households earning $250,000 and above account for 25%, or $1.97 trillion, of the nearly $8 trillion of total household income. If Congress imposed a 100% tax, taking all earnings above $250,000 per year, it would yield the princely sum of $1.4 trillion. That would keep the government running for 141 days, but there's a problem because there are 224 more days left in the year.

How about corporate profits to fill the gap? Fortune 500 companies earn nearly $400 billion in profits. Since leftists think profits are little less than theft and greed, Congress might confiscate these ill-gotten gains so that they can be returned to their rightful owners.

Taking corporate profits would keep the government running for another 40 days, but that along with confiscating all income above $250,000 would only get us to the end of June. Congress must search elsewhere.

According to the Forbes 400, America has 400 billionaires with a combined net worth of $1.3 trillion. Congress could confiscate their stocks and bonds, and force them to sell their businesses, yachts, airplanes, mansions and jewelry. The problem is that after fleecing the rich of their income and net worth, and the Fortune 500 corporations of their profits, it would only get us to mid-August.

The fact of the matter is there are not enough rich people to come anywhere close to satisfying Congress' voracious spending appetite. They're going to have to go after the non-rich.

But let's stick with the rich and ask a few questions. Politicians, news media people and leftists in general entertain what economists call a zero-elasticity view of the world. That's just fancy economic jargon for a view that government can impose a tax and people will behave after the tax just as they behaved before the tax, and the only change is more government revenue.

One example of that vision, at the state and local levels of government, is the disappointing results of confiscatory tobacco taxes. Confiscatory tobacco taxes have often led to less state and local revenue because those taxes encourage smuggling.

Similarly, when government taxes profits, corporations report fewer profits and greater costs. When individuals face higher income taxes, they report less income, buy tax shelters and hide their money. It's not just rich people who try to avoid taxes, but all of us—liberals, conservatives and libertarians.

What's the evidence? Federal tax collections have been between 15% and 20% of GDP every year since 1960. However, between 1960 and today, the top marginal tax rate has varied between 91% and 35%.

That means whether taxes are high or low, people make adjustments in their economic behavior so as to keep the government tax take at 15% to 20% of GDP. Differences in tax rates have a far greater impact on economic growth than federal revenues.

So far as Congress' ability to prey on the rich, we must keep in mind that rich people didn't become rich by being stupid.

Mr. GRASSLEY. According to this article, even if the government confiscated all of the income of people earning $250,000 a year, the money would fund the Federal Government today for a mere 140 days. CBO statistics tell us that the top 5 percent of households earn 29 percent of the income and pay 43 percent of the income tax collected by the Federal Government. This chart here shows that these 5 percent of households have seen their taxes go up or hold steady while the other 95 percent of households have seen their taxes go down.

We are in a situation where people are talking about increasing taxes on higher income people because, supposedly, they can afford it—and probably they can afford it. But I get sick and tired of the demagoguery that goes on in Washington of taxing higher income people. This group of people is already paying 43 percent of all of the income tax coming in to the Federal Government, while 47 percent of the people in this country don't pay any income tax whatsoever. How high do taxes have to go, generally, to satisfy the appetite of the people in this Congress to spend money? And particularly, how high do marginal tax rates have to go to satisfy those clamoring for higher taxes that the wealthiest in this country are paying enough money?

In addition to the CBO statistics on households, IRS statistics show that 1 percent of the wealthiest people make 27 percent of the income and pay 40 percent of the income taxes. If it be 41 or 42 percent, maybe we can look at it. But I never get the sense from anybody who is proposing these higher marginal tax rates on upper income people that they are ever going to be satisfied that those people are paying enough taxes. So I will get back to what I said. You could confiscate all the income earned by people that make over $250,000 a year but you are only going to run the government for 140 days. What do you do for the rest of the year if you only want the wealthy to pay all the taxes?

We ought to have some principles of taxation that we are abiding by. I abide by the principle that 18 percent of the GDP of this country is good enough for the government to spend. That leaves 82 percent in the pockets of the taxpayers for them to decide how to spend. Because if 535 of us decide how to divide up the resources of this country, it doesn't do as much economic good. If the money is left in the pockets of the 137 million taxpayers to decide whether to spend or to save it, and how to save it, or what to spend it on, it responds to the dynamics of our economy. They would be participating in the American free enterprise system in a way that the 535 Members of Congress don't know enough how to do. If we relied upon the 535 of us to decide how to spend more resources of this country, we would not have the economic growth we have. We would be Europeanizing our economy, and we know that is bad.

This principle of 18 percent of gross domestic product is good and it has been consistent throughout recent history. This chart here shows that it is not a straight line, but it is pretty even over a 50-year average. I think it averages out at about 18.2 percent. You have the marginal tax rates going back to 93 percent during World War II and staying there until, as I said, Senator Kennedy becomes President and he decides the marginal tax rate is too high for the good of the economy and he reduces it. I am told because of the Vietnam war, it went up. It stayed even at 70 percent until President Reagan. Then it goes down to a 50 percent marginal tax rate. Then it stays there a while. In 1986, it goes down to 28 percent. Then we have the promise of no new taxes when President Bush reneged on that promise, and it went back up to almost 40 percent. Then they went up again here and stayed here, and then we had the tax decrease of 2001.

Do you know what this shows? Everybody has an idea that if you raise the marginal tax rates, you will bring in more revenue. But the taxpayers, workers, and investors of this country are smarter than we are. We have had a 93-percent marginal tax rate—then 70 percent, 50 percent, 28 percent, and now a 35-percent marginal tax rate. But, regardless of the rate, you get the same amount of revenue, because taxpayers have decided they are going to give us bums in Washington just so much of their money to spend, and it works out to be about 18 percent of gross domestic product.

So we have a President who will probably give a speech today and say we are going to raise taxes on higher income people because, like him, they ought to pay more money. What do you get out of it? You can mess with these marginal tax rates all you want to, but you will bring in about the same amount of revenue. Why? In part because people have decided that, if we are going to tax them to death, they are going to take more leisure and they are going to invest in nonproductive investments. Bottom line—increasing taxes doesn't bring more revenue into the federal Treasury.

You have to keep marginal tax rates low so you can expand this economy. As we have seen, when taxes go down, unemployment goes down; when taxes go up, the incentive to employ is gone. So here we are.

The national debt poses serious risk to the long-term economic health of the United States. It puts a heavy burden on taxpayers who will have less take-home pay to save, spend and invest if they have to send more money to Washington.

Washington needs to champion policies that grow the economy and create jobs, and in turn, increases revenue to the federal Treasury, enabling deficit and debt reduction, not defend ways that grow the government.

The President and 535 Members of Congress collectively represent many different constituencies across the ideological, political, geographic and demographic spectrum. Although representing many, we can work as one to make America an even better place for posterity. If we continue to live beyond our means and get in the way of job-creating economic opportunity, we will push future generations over a fiscal cliff of no return. That is why Washington must clamp down on new spending and shrink the national debt.

I hope we have a President who is willing to look at history and learn from history in his speech today.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BARRASSO. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BARRASSO. I ask unanimous consent that I be allowed to speak until 11:30 in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE DEBT

Mr. BARRASSO. Madam President, last week America's government was brought to the brink of a shutdown, and the shutdown was avoided literally at the eleventh hour just last Friday. The same day, the President called Speaker BOEHNER to try to advance the talks. According to Politico, the President told Speaker BOEHNER, "We are the two most consequential leaders in the U.S. Government." The President was right, so why was only one of those two leaders actively trying to lead on the issue of the day? Speaker BOEHNER was trying for weeks to put together a deal that could serve the American people, but right up until the end, the President was missing in action. Even Senator MANCHIN, a member of the President's own party, said the President had "failed to lead this debate."

Now the President is finally saying he wants to talk about what steps our country needs to take to get our fiscal house in order. I really do hope the President is serious, but I have my doubts. This is a line we have heard from the President before. Back in February 2009, the President called experts to the White House for what he called a fiscal responsibility summit. In his opening remarks, the President said this:

> Contrary to the prevailing wisdom in Washington these past few years, we cannot simply spend as we please and defer the consequences to the next budget, the next administration, or the next generation.

That was February 2009. For the last 2 years of this administration, all the President did was add trillions of dollars to that debt.

Late last year, the President's debt commission released their report on America's fiscal situation, and the findings were sobering. According to the report, they said the problem is real, the solution will be painful, there is no easy way out, everything must be on the table, and he said Washington must lead. The President ignored the report.

America is done waiting for him to take this issue seriously. Last week, the House Budget Committee chairman PAUL RYAN put forward the first concrete plan to address our debt crisis. Now the President has suddenly decided that crisis needs to be addressed. The President has a national address scheduled for today, and maybe that will be the moment of truth. I hope it will not be another one of the President's recycled speeches; empty words cannot fill America's pockets.

Last November, the American people told us they wanted the truth. They wanted to know their representatives could make tough decisions. That is what we heard on election day. They wanted to make sure there would be a future for their families and for their children. I think the American people deserve results. The President has paid them back with excuses, with delays, and with business as usual.

Republicans have been the leaders on trying to reduce the spending. The